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Chair: Mr. Pat Finnigan



Standing Committee on Agriculture and Agri-Food

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• (1400)

[*Translation*]

The Chair (Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.)): Welcome everyone.

[*English*]

I'm going to call the meeting to order.

Welcome to meeting number 17 of the House of Commons Standing Committee on Agriculture and Agri-Food. We are resuming our study on business risk management programs.

I would like to outline a few rules to follow.

Interpretation in this video conference will work very much like in a regular committee meeting. You have the choice at the bottom of your screen of “Floor”, “English” or “French”.

When you do intervene, please make sure that the language channel is set to the language that you intend to speak, not the floor channel. This is very important. It will reduce the number of times we need to stop because the interpretation is inaudible for our participants. It will maximize the time we spend exchanging with each other.

To the witnesses we have in today, are there any issues? Do you understand how that all works? Is everybody okay with that? Mr. Haerle and Mr. Brock, are you good?

Mr. Markus Haerle (Chair, Grain Farmers of Ontario): Yes.

The Chair: Also, before speaking, please wait until I recognize you by name. When you are ready to speak, you can click on the microphone icon to activate your mike.

[*Translation*]

Lastly, please make sure your microphone is on mute when you are not speaking.

We are now ready to get going.

I'd like to welcome our witnesses for today's meeting.

[*English*]

From the Grain Farmers of Ontario, we have Markus Haerle, chair. Mr. Haerle, welcome to our meeting. From the Department of Agriculture and Agri-Food, we have Mark Brock, co-chair of the National Program Advisory Committee. Mr. Brock, welcome to our committee.

We will start with the opening statements of seven minutes each.

Mr. Haerle from the Grain Farmers, you can start.

Mr. Markus Haerle: Thank you to the committee for letting me make a few remarks today. I'm very happy to accept the invitation to present to you today. I have an important message from Grain Farmers of Ontario and the farmer members we represent.

My name is Markus Haerle. I am the chair of Grain Farmers of Ontario, and I farm just 45 minutes east of Ottawa, in St. Isidore.

Grain Farmers of Ontario is Ontario's largest commodity organization, representing 28,000 grain farmers who produce grain and oilseeds. The grain business in Ontario represents roughly \$18 billion in economic output and is responsible for 75,000 jobs.

I'm here today to talk to you about the impact of COVID on Ontario grain farms and farmer members and the need to fix business risk management programming immediately.

Farmers take pride in their job of growing food for the Canadian consumer. We grow crops that are used for animal feed. We also grow those crops that are directly consumed when made into bread, tofu and ethanol that people in this country and around the world rely on.

Farm businesses are the backbone of the rural communities in which we live and operate our farm businesses. People and businesses in rural communities rely on the economics that the farms create.

I have some data in the backgrounder for you that outlines the situation facing our members in terms of numbers. I'm not going to get into the numbers, but the document is a good reference.

These current times of COVID are presenting risks that are bigger and more uncertain than I have ever experienced in my farming career. The acute issues are that demand is down for last year's crops and the prices are at a point where we cannot even break even. I've heard lately from some of my members a demand that we take action. I've also heard from consumers and the public that the general public is still eating, so that means we as farmers are still relied upon to produce the food they require every day, but in reality, demand is down. That is not only with food, but also with ethanol.

I'll give you a few examples. Restaurants, university cafeterias and other commercial distributors of food are closed, which has meant that for beef, chicken, pork and products that rely on the grains we grow, production capacity has had to be reduced. Ethanol production in the U.S. actually came to a halt in response to people not driving their cars. Here in Ontario, our ethanol industry is producing only at 50% capacity.

We cannot seem to get the government to listen to those concerns and take action.

What's happening is that the U.S. government is providing support for its farmers as we speak. President Trump established a coronavirus aid, relief and economic security program right away, and what farmers are facing because of the drop in price, they are getting compensated for. We cannot compete on the world stage, and everyone expects that there will be another payment before the fall election in the U.S.

• (1405)

Grain farmers cannot compete with farmers who are able to survive these low prices with support from their government. The U.S. farmer is our direct competitor.

It was Prime Minister Harper's government that cut the programs. As we speak about AgriStability, that was one of the programs that was reduced back in those days. At that time, the prices the farmers got for their commodities were good, but we knew that those times would be very short-lived and these programs only pay out whenever times are bad and the existence of these programs give farmers the security to reinvest in their businesses.

Now we are in crisis. Prices of all our commodities are below the amount of money that we have spent to grow those crops. This is particularly bad for corn. Experts are saying the recovery will be slow. No matter whether or not the economy opens back up and things get back to normal, it takes time for commodity markets to rebound. History tells us that prices drop fast and only return slowly. The government platform promised to address AgriStability in the election. The platform specifically named this program AgriStability, and yet we have seen no action from this going forward.

All our farm groups across the country have talked to government, provided the data and shown the issues from COVID, and we have seen no action. For our farmer members and the organization, food security and domestic policy that provide support for farmers to survive downturns that are outside of our control are not partisan issues.

• (1410)

The Chair: Thank you, Mr. Haerle. Unfortunately, time is up but you'll have a chance to answer questions.

Mr. Markus Haerle: Great.

The Chair: We'll go to Mark Brock from the Department of Agriculture and Agri-Food.

You have up to seven minutes.

Mr. Mark Brock (Co-chair, National Program Advisory Committee, Department of Agriculture and Agri-Food): Thank you.

My name is Mark Brock and I'm the producer co-chair for the National Program Advisory Committee. I farm just outside of Hensall, Ontario, with my wife Sandi. We have a grain and oilseed operation and we also have sheep. I've had extensive industry involvement, but right now I'm just a farmer doing some stuff and some work with BRMs on the National Program Advisory Committee.

I'm not sure how well informed this committee is about it, but that committee is made up of two individuals from every province and territory who meet twice a year to discuss issues around business risk management programs. We talk a lot about AgriStability. We talk a lot about AgriInvest, AgriInsurance and AgriRecovery, but lately a lot of the time has been spent on AgriStability in highlighting some of the issues that Markus highlighted in his presentation.

My apologies to the interpreters, because we're so busy on the farm right now I wasn't able to prepare a statement for them to use, so they're going to have to go as I go. My apologies for that, but I didn't want to miss an opportunity to present to the committee, because I think the business risk management programming is a very important component of a larger issue that I want to talk about, and I'll get to that.

My involvement with business risk management programs started way back in 2018 out of an FPT meeting of agriculture ministers when they decided, under industry pressure from different commodities groups, to create an external advisory panel to kind of blue-sky ideas around business risk management programming. That happened when Lawrence MacAulay was the minister of agriculture and agri-food. I was part of that process. I was one of the producers involved in that. There were other industry members as well.

For about 18 months, we kicked around ideas and looked at some issues around business risk management and AgriStability and at some of the issues around producers losing confidence in these programs and why enrolment was so low, along with other issues around that. I did pass on the recommendations that came out of that external advisory panel to your clerk. Hopefully, you can see some of those.

I want to highlight those seven things. What happened in that external advisory panel was that as these ideas came forward, three other members of the external advisory panel and I presented to ministers at an FPT meeting in Vancouver. I can't remember the year, but we provided these recommendations to them and answered any questions the ministers had.

I think it was out of that FPT meeting it was decided the further work of this external group looking at these business risk management programs should really go to NPAC, because that was a formal process which was created through the Canadian agricultural partnership, and the formal area in which provinces, territories and the federal government decided to look at business risk management programming. Those seven recommendations went to NPAC. I'm going to read out the seven that came out of the external advisory panel.

The first one is to develop and evaluate risk management tools that cover gaps in the current business risk management suite of programs. That was even to the point of looking at how government assists or facilitates producer-paid options or even producer-paid top-up programs. As Markus highlighted, I think, in some of the risks within the world that we operate in as farmers in agriculture we are willing to participate in some of these tools, but the tools need to be created and there needs to be some assistance, I believe, from government to help facilitate some of those creations.

Number two is to explore approaches to address the lack of confidence in the core business risk management program, which is AgriStability, including its complexity, timeliness and predictability challenges. I think that's a lot of the uncertainty we see right now within the current agricultural community now that we're in this COVID-19 world. It's just the unpredictability of it and trying to assess how we manage our risks. It's hard to calculate some of those opportunities to protect against risks on farms due to some of the challenges with the program design of AgriStability.

● (1415)

Number three is to examine approaches to improve program equality.

Number four is that AgriInvest should be maintained until some better options might be available in the future.

Number five is to modernize premium setting for AgriInsurance. If there are opportunities to do a better job pricing it, then we should look at that.

Number six, there is a role in trying to educate producers more around managing risk.

Number seven is that this work should continue.

That leads into my involvement with NPAC. NPAC is a great group of producers. As I said, two from every province and territory are looking at some of our challenges. We meet twice a year. This year our March meeting was disrupted by COVID-19, and rightly so. We're living off the work we did in December.

We sent a letter to ministers at their FPT meeting on, I believe, December 13, 2019, on behalf of the producer members of the National Program Advisory Committee. It explains how tough the current situation was for farmers, and the impacts we're seeing around all industries, whether it's grain, oilseeds or livestock. At that time we were seeing African swine fever as an issue, and disclosing some of the challenges with China and market access, and how it was impacting farmers' mental health. I think all the members on that committee agreed that the suite wasn't meeting the needs of farmers. It's not responding to some of the challenges we're seeing.

I think those challenges are highlighted even more now with COVID-19.

The Chair: Thank you, Mr. Brock. We'll stop there.

We'll start our questions with Lianne Rood for six minutes.

Ms. Lianne Rood (Lambton—Kent—Middlesex, CPC): Thank you, Mr. Chair.

Mr. Brock, along the same lines you were talking about, what were some of the suggestions you've heard from farmers with regard to improving the suite of BRM programs? What is the biggest ask from AgriStability, for instance?

Mr. Mark Brock: In the letter we sent to ministers we asked to remove the reference margin limit in AgriStability. That was one thing that was brought forward. We understand the reason it was brought in, in the first place. There was no reason to protect profitability, but now that we're in a different world I'm not sure that reference margin limits should be in there.

A lot of the producers right now are asking to see that level brought back up to 85% because there's a lack of a better option. I think that long term, every producer would like to see a better program and that there needs to be a long-term strategy to look at how that program is developed and designed. That fundamentally is backed by government's vision of a national food policy or a national agricultural policy and how business risk management programs play a role in that.

Ms. Lianne Rood: I'm wondering what feedback you've heard from farmers with regard to AgriInvest. We know some changes were made to it in recent years. Do you know how many farmers are participating in this program? Are they finding it useful?

Mr. Mark Brock: I can speak to my own experience. I use AgriInvest as a tool on our farm. I think we have seen some concerns around the account balances. We are using that as working capital on our farm. As soon as we get our matching deposit, we do a withdrawal. Right now my account balance in AgriInvest is two dollars, I think. It helps us manage working capital. It's a great tool; it's not a big amount. When I talk with farmers, the biggest struggle right now is working capital. The cap has especially impacted large farm operations.

We need to understand the need to take some of those funds from AgriInvest to fund some of the changes in affording AgriStability, and why there's a change there. The program works right now. It could be used more effectively if some more viable options were out there.

• (1420)

Ms. Lianne Rood: Thank you. I'm going to switch gears and go over to Mr. Haerle.

Mr. Haerle, I've heard from some farmers in my own riding of Lambton—Kent—Middlesex. There are a lot of grain farmers in my area, and a lot of farmers are planting corn. We do grow a lot of corn in my area, especially for the ethanol plants that are around.

You alluded to food security being an issue, and just the demand being down for feed corn. I know the feed is impacted by the amount of ethanol that's produced.

I'm wondering what you've heard from farmers as of late with regard to their planting. Have they cut back on their production of corn? Have they invested more in soy? That's what I was hearing on the ground.

Where are we right now as far as production levels are concerned?

Mr. Markus Haerle: There have been quite a few acres being shifted away from corn this spring, especially in southern Ontario and eastern Ontario, where we're close to ethanol plants. Those are our main avenues of getting the crop to market.

What that's actually doing is there's going to be a recovery stage into the ethanol production that's going to be demanding corn at certain times. The fear behind this is that there's going to be large amounts of imported corn coming in from the U.S., that, first of all, the Canadian producer hasn't produced because every acre—

[*Translation*]

Mr. Yves Perron (Berthier—Maskinongé, BQ): Pardon me, Mr. Chair.

The Chair: Go ahead, Mr. Perron.

Mr. Yves Perron: The interpreters are asking that the witness move the microphone a bit further away from his mouth, because it's causing some noise and they can't hear what's being said.

[*English*]

The Chair: Yes, you need a little more space there.

Mr. Markus Haerle: Okay, sounds good.

The corn imports are actually going to be a real problem for us because, first of all, every acre of corn that the farmer was anticipating to plant and has planted is at the moment going to be losing money.

That's why we sent you that backgrounder that's showing \$170 an acre of loss.

Ms. Lianne Rood: Can I ask a question about that loss, Mr. Haerle?

Mr. Markus Haerle: Yes.

Ms. Lianne Rood: I've heard a lot from my farmers with the impact of the carbon tax and the increase in the drying costs for them. Does that have something to do with that as well?

Mr. Markus Haerle: Indirectly, yes it does because it is a cost that's being downloaded to us as farmers. There's no way we can offset that in any way into the marketplace.

That \$170 loss is because, first of all, the markets are not there that are going to pay us for the cost of producing it. Also, the opportunities to sell it into the marketplaces that we have established not only domestically but also for export have degraded. Around the world there's less consumption for feed, food and other uses for those grains. It's not only corn; it's also soybean.

Mr. Brock alluded to it. We have lost significant market share into the Chinese market for our soybeans. That was created by some geopolitical environments that were created by the Canadian government.

Those are the hard-sell issues that farmers have to cope with and we don't have any way out to even get anything else. There are still bins of beans out there that farmers don't even know how to sell because they're losing money on them. Every time they send a truck away they know they're not recovering their costs.

It is a big problem and it creates a cash flow issue. It's now the second year in a row that farmers are facing that at a high level. That's why there's that ask of some programs that cover the issue of today, not only around COVID, but bigger than that.

• (1425)

The Chair: Thank you, Mr. Haerle. Thank you, Ms. Rood.

We'll move to Mr. Ellis for six minutes.

Mr. Neil Ellis (Bay of Quinte, Lib.): Good afternoon, everybody. I'm glad to be here today.

Markus, I just wondered, on the BRM suite, if there are any sections that are working for you now.

Mr. Markus Haerle: Yes, AgriInvest is a program that works, but it is underfunded. If that program were increased, because it creates liquidity for a business right away, it's yearly and it's there for farmers to use....

Other than that, there's also the crop insurance program, which works significantly well for all farmers across the country, not just in Ontario. The structure of the program is well designed and adapted to the environment that we live in.

Mr. Neil Ellis: Thank you.

Mr. Brock, you spoke about AgriInvest also, and you mentioned viable options. Could you elaborate on that?

Mr. Mark Brock: I think as we look forward, and if we really wanted to do some in-depth work within the impacted group and looked at different programs or created producer top-up of paid programs, some of that money from the producer side could come from AgriInvest.

I would be quite willing to take AgriInvest money that I have and buy private insurance with it to mitigate risk, but some of those options aren't available due to different regulations within provinces or territories. I think there needs to be some work there to make sure there aren't government barriers through regulatory processes that inhibit options, where producers could maybe access private insurance tools and use AgriInvest money to do that.

Mr. Neil Ellis: Markus, I think you mentioned a \$130 to \$170 per acre loss in corn. What is the profit on corn in a usual year? I know last year wasn't the greatest harvest, but do you know those numbers, or approximately?

Mr. Markus Haerle: You can usually flip that number right around, instead of a negative, you can turn it into positive. That's basically what it is.

Mr. Neil Ellis: Has that been steady over the last, say, five years?

Mr. Markus Haerle: It's been fairly steady. I'd say a good mark...if you can get that from the marketplace. That's why I'm saying that the crop insurance program is based on those figures as well. It is actually quite reliable that we can bank on those numbers.

Mr. Neil Ellis: I believe, in your literature you sent us or you might have said it in your testimony, that 86% of farm income is going to be reduced, and I think you said about 14% wouldn't be reduced. What is the 14%? Are they into different crops or are they doing something right? Are they larger farms? Are they smaller farms?

Mr. Markus Haerle: They're diversified into other commodities, often enough. When we did our survey of our farmer members, we surveyed them not just on the grains and oilseeds, but on the whole farm structure. Depending on the split of what they produce on their farm, that will determine what the impact will be.

Mr. Neil Ellis: Would you like to discuss the Canada emergency business account? How many of your members have taken advantage of the loan? I believe it was up to \$40,000 and \$10,000 forgivable. I believe you have around 30,000 members. If they all took advantage, that would be another \$300-million influx of cash into the farms.

Mr. Markus Haerle: By our outreach to farmer members, we can figure roughly about 50% have qualified for the program. In the early stage of the program, it was far less, because there was a lot of confusion, some hesitation and I think some parameters didn't quite fit the farms' structure. Even today, it still depends on what your farm's structure actually is, and that's where the problem is. We can't say that this program is actually going to help the ones who need the support urgently. It's not going to address everybody.

Mr. Neil Ellis: Mr. Brock, have you taken advantage of that loan, or have any of your fellow farmers that you know of?

• (1430)

Mr. Mark Brock: Yes, I've taken advantage of the loan, and other friends of mine who farm have taken advantage of it if they fell within the parameters. With the changes that were introduced, more have been able to do that.

I think the concern that some of us have is that, other than the \$10,000 that's forgivable, it helps with working capital, but it is incurring debt. We do have to be cognizant of the debt levels that

we take on as producers, and this long issue of a slow rebound in prices. We have to be aware of our ability to service debt and be aware of our debt. It's a good tool, but we have to be educated in how we use it.

Mr. Neil Ellis: We talked about ethanol capacity being down about 50%. Is that since the COVID pandemic, or has that been a gradual decline over years?

Mr. Markus Haerle: Would that question be for me?

Mr. Neil Ellis: Yes it is, Markus. I'm looking at your screen.

Mr. Markus Haerle: Yes, that is actually since the pandemic. That was just a week or two after the pandemic hit and restrictions were put in place. We felt the impact on that reduction right off the bat, so it—

Mr. Neil Ellis: Year to year, how has that—

Oh, I think I'm done.

Thank you, Chair.

The Chair: Thank you, Mr. Ellis.

Thank you, Mr. Haerle.

[*Translation*]

Mr. Perron, you may go ahead for six minutes.

Mr. Yves Perron: Thank you, Mr. Chair.

I'd like to thank the witnesses for being with us today and being so generous with their valuable time under the circumstances.

My first question is for Mr. Haerle.

Mr. Haerle, you mentioned the support that the U.S. was providing for its farmers, in contrast with the situation in Canada. You said that was making it harder for our grain farmers to compete.

Can you tell us what could happen if Canada doesn't provide better support to its agriculture sector before the crisis is over? What are the potential consequences?

[*English*]

Mr. Markus Haerle: The direct impact to a farmer in Canada is basically that we have to compete now against grain that is subsidized. Like I said to the committee just before, the problem is going to be that we are going into the world markets, so subsidized grain that's going onto the world market doesn't need to get as much from the marketplace because the farmer already has a cheque in his pocket.

They are not going to be looking for the top dollar at the end. It's going to be basically flooding the market. It's going to put pressure on production that's not subsidized, and we're going to be sitting on that grain because the processors—if you take the ethanol industry or even the feed companies, for example—are going to be getting grain from outside of the country, which is going to be cheaper. Their bottom lines are going to be better at the end. It all comes down to the bottom line of the business.

[Translation]

Mr. Yves Perron: Thank you very much.

The government needs to act immediately, then.

I'd like to hear your views on the calculator the government added to the AgriStability website to help farmers estimate the benefits they can expect to receive.

Do you find it helpful?

[English]

Mr. Markus Haerle: It helps somewhat, but a smart and good businessman out in the countryside today already knows what's working and what's not.

The programs that we have available at the moment from government.... We know that our AgriStability program doesn't work. That is shown by the enrolment numbers that are in that program.

Also, the participation is not going to be increased just because of the COVID—

[Translation]

Mr. Yves Perron: Sorry, but I have to stop you there, Mr.—

[English]

The Chair: Mr. Haerle, can you put your mike just a little bit to the centre of your mouth?

[Translation]

Mr. Yves Perron: Mr. Chair, are you speaking to me?

The Chair: I was speaking to Mr. Haerle.

Mr. Yves Perron: Very good.

[English]

The Chair: Let's try that. Sorry about that.

[Translation]

Go ahead, Mr. Perron.

• (1435)

Mr. Yves Perron: Mr. Haerle, you said that AgriStability doesn't work. If program coverage were brought back up to the 85% level—where it was before the Conservatives' cuts in 2013—and if the reference margin were removed, would that fix the problems with the AgriStability program?

Kindly keep your answer brief.

[English]

Mr. Markus Haerle: It will help, for sure, because there is one thing I have to say. Grains and oilseeds have long, not as deep cycles, where animal production—like pork and beef—has deep drops and short drops. That's when bringing it up to 85% will actually help, because we will be able to trigger a lot more quickly in that time frame. That's the simplest answer I can give you.

[Translation]

Mr. Yves Perron: Very good.

Now I'm going to turn to Mr. Brock.

Mr. Brock, you provided a list of recommendations that your committee came up with. It's quite compelling.

I'd like to know whether your committee has explored the idea of making more up front support available. Right now, farmers have to incur losses before they receive any compensation, so there's a significant lag.

Have you given any thought to something that looks more like the European model?

[English]

Mr. Mark Brock: To really answer that question, I would have to step back a little bit and give you a fairly political answer. We're really struggling with messaging from the government around cost neutrality. When we were given this task, both in the external advisory panel and within the national program advisory committee.... It's always done under the premise of cost neutrality. I think that was one of the things we asked ministers in a letter I sent back in December on behalf of the members of NPAC: Can we have some clarification around cost neutrality?

What happens is that we tend to paint ourselves in a box, and then we always think in that box. Unless we can have maybe a broader breadth of scope to really look at some of that stuff, we would struggle to look at European-style models or other models around the world.

[Translation]

Mr. Yves Perron: Do you think the U.S. limits itself to the premise of cost neutrality, as compared with Canada?

[English]

Mr. Mark Brock: No, there are no limits in the U.S.

[Translation]

Mr. Yves Perron: There you have it.

[English]

Mr. Mark Brock: I think it speaks to Canada needing to have a clear, defined national agriculture and agri-food policy. Business risk management programs fit in that. I think there needs to be a broader discussion about how those assist producers and actually give us confidence within our domestic agri-food policy.

[Translation]

Mr. Yves Perron: Mr. Brock, I have five seconds, but I'd like to ask you the same question I asked Mr. Haerle.

If the AgriStability threshold were restored to 85% and the limit were removed, would that be a boon?

[English]

Mr. Mark Brock: It would help. As Markus said, the margins in grains and oilseeds live in that area that was cut.

I think the struggle you'd have would be marketing a program that's been changed. Too many farmers would think of AgriStability as AgriStability. Even if we changed it to be a really good program, I think we'd have to change the name.

The Chair: Thank you, Mr. Brock and Mr. Perron.

Go ahead, Mr. MacGregor. You have six minutes.

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Thank you very much, Chair.

Welcome to our witnesses. Thank you for participating in our study and allowing this committee to come forward with some recommendations.

Mr. Haerle, I'll start with you. I'd like to turn to AgriInsurance. That's one of the programs you mentioned, which I think there's generally a large amount of satisfaction with. I understand that now there's a move by the federal government to negotiate with provinces to include labour shortages as an eligible risk for this program, I think in the horticulture sector. Do you have any comments on what you would like that to look like? Are you excited by that news?

Mr. Markus Haerle: Actually, for the grain sector, it doesn't really have great impact to put that in as an insurable peril. The grain sector is actually quite mechanized to handle the production that we do. It doesn't matter if you're in eastern Canadian production sites or western Canadian; it will be a minor factor for us to consider.

Mr. Alistair MacGregor: Are you pretty happy, from the grain point of view, with how the different crops are covered? I know that with certain crops, there's a lot of uniformity when you go province to province. For some sectors there's more specificity, depending on what that province specializes in. Are you pretty satisfied with how the crops are selected for insurance models?

• (1440)

Mr. Markus Haerle: Yes. That's actually working fairly well. In Ontario, we have a good mechanism in place to make those changes as they come up. Those proposals go forward in an appropriate manner. They get addressed in a timely fashion to get them out to the farmers so they can use those programs.

Mr. Alistair MacGregor: Thank you for that feedback.

Mr. Brock, I think COVID-19 has exposed a lot of fault lines within our food supply system and how our assistance programs function. I think there's been a sense that perhaps our business risk management programs may not have been the ideal vehicle to fully deal with the pandemic.

What's your sense of how well the BRM programs have functioned during this pandemic? We've had AgriRecovery, which has been stocked with \$125 million to help some sectors. For the next pandemic that comes, do you have a sense that the BRM programs are well suited to deal with a crisis of this magnitude? Or should Agriculture and Agri-Food Canada, in conjunction with the provinces, be looking at something else entirely to deal with something of this magnitude?

Mr. Mark Brock: It's my hope that we don't run into this pandemic situation again and put the pressure on the business risk management programs as we're seeing right now. Because of this pressure and uncertainty, we as producers are looking at them and feeling uncomfortable about them, as I alluded to and in some of the points you highlighted.

Really, what has happened is almost a disconnect between government action and policy development and the direction in which

they want to head with agriculture and producers. There seems to be less conversation between producers and government, and that has led to uncertainty and a disconnect, and maybe a lack of trust around these programs.

We look at the ways the government has been reacting to help support different sectors and different industries, such as agriculture. There are always people looking at how different ones are being supported. I think there needs to be a lot better communication and a long-term vision and strategy for agriculture with producer and government engagement that, to be honest, isn't caught up in different election cycles and that consumers can feel confident in. If we as producers feel confident in the system, then consumers can feel confident in that system. That's where we need to get to, in case we run into a pandemic such as this again. When it does happen, not only will the producers have confidence, but consumers will as well, and government.

Mr. Alistair MacGregor: Mr. Haerle, do you have any comments on that same question?

Also, perhaps I could get thoughts from both of you on whether you are optimistic about the federal-provincial meeting that's coming up later this year. Do you think the federal government and the provinces are armed with a sufficient number of concerns about the existing programs and that we'll actually see some change really come about from this meeting?

Mr. Markus Haerle: Perhaps I'll start with the outlook for the FPT meeting.

First of all, it's unfortunate that it had to be delayed from July until, I think, October. The problem I see coming is that we're going to have to get all provinces lined up to agree on the principles of getting a reform done on the programming itself. The wheels are in motion, but there seems to be some hesitation from the federal government to step forward and take the initial step. It would be very important that the Canadian government show leadership through this crisis, show what it is willing to offer up, and I'm nearly sure that the provincial governments will actually sign on to the programming that would be proposed.

The urgency is there. The farmers are reaching out to government levels to get action. Ontario has the premier advocating on our behalf. I think we are getting some interaction, but it takes everybody to make it work.

The Chair: Thank you, Mr. Haerle.

Thank you, Mr. MacGregor.

• (1445)

Mr. Alistair MacGregor: Thank you.

The Chair: Now we'll go to Mr. Lawrence, for five minutes.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): Thank you very much.

Mr. Brock and Mr. Haerle, I appreciate your time. There has been some great testimony so far. We know that we should all be out planting right now, so I appreciate that.

It's important to look at the evolving situation, so I want to go back and compare our current situation, even pre-COVID, to 2015.

Mr. Haerle, I'll start with you. Could you describe the prices in 2015, or thereabouts, versus the prices now?

Mr. Markus Haerle: We have seen basically from history, back in that time frame, that it's not only the prices that we have to be concerned about; it's also the inputs we buy. Everything has increased in price on the input side, so of course we're going to have to get more from the marketplace to cover our costs.

Going back to that time, we have lost 15% to 20% on some commodities in terms of their pricing, and that's a direct COVID impact. It is actually there.

Mr. Philip Lawrence: Okay. I promise you that we will get to the input side as well.

Also, with respect to marketing your grain, what about the market access from 2015 until now?

Mr. Markus Haerle: In certain markets, it has improved; in other markets, it has degraded. That has a lot to do with some of the new trade deals that the government has signed in the past few years to help us out with market access.

However, in today's world, things can change overnight. It just takes one president to put out the wrong tweet and the whole world is upside down. That's exactly what happened to our soybean issue back two years ago. We had great opportunities in the European Union. We were a player in China, but not as big. Then the disputes happened with China and the U.S.

They took the European markets away. We went into China. Then the Canadian government stepped up and created an issue internally with the Huawei executive. Well, there we go. Now we have an issue.

Mr. Philip Lawrence: All right.

Now getting to inputs, you're saying that costs have increased. My colleague Ms. Rood, I believe, asked you a question specifically with respect to the carbon tax. Costs, including obviously the cost of the carbon tax, have increased the costs of inputs.

Mr. Markus Haerle: Yes. We're not just getting the carbon tax downloaded to us on the corn-drying side or commodity-drying side; it's also on transport. On inputs that we buy, we have to absorb that within. We're basically saying it's \$14 an acre of carbon tax cost that's downloaded to the farmer at the moment in Ontario. This just increased a month ago, and we're going to see another—

Mr. Philip Lawrence: Just on that, what's the average acreage of your farmers, of your members? Do you happen to know?

Mr. Markus Haerle: It's roughly about 700 to 800 acres in Ontario. If you take me as an example, I farm a bit more than 2,000 acres. I paid five and a half thousand dollars of carbon tax last year only on corn drying.

Mr. Philip Lawrence: The minister recently said that, on average, it was about \$200 that grain farmers were paying for that. What do you think about that?

Mr. Markus Haerle: I don't know where she gets her figures from, but it's a very simple calculation where they went wrong. They took the whole amount of tax that was collected through the fall season and divided it by all the farms that produce grains and oilseeds, but it's not all the tons that get dried, because wheat

doesn't get dried, and some soybeans don't get dried, but corn has to be dried. It depends what your split on the farm is of the commodities you grow.

Mr. Philip Lawrence: Perfect. I'm cognizant of time, so I want to thank you very much for those great answers.

When we look at the overall picture, since 2015 prices are down, markets are *comme ci comme ça* and the inputs have gone up in price. What about the support programs? Have there been enhancements since 2015?

Mr. Markus Haerle: No, there haven't been, because all support programs... AgriStability was clipped already prior to that. Then AgriInvest was reduced as well from 1.5% to 1.0%. There are fewer support programs that support the grain sector at the moment than before.

Mr. Philip Lawrence: If we look globally since 2015—I'm asking you to speculate a little bit, but I'm sure you're at least somewhat knowledgeable globally about the world—has agriculture become less competitive or more competitive in the last five years?

Mr. Markus Haerle: It has become more competitive on the world stage. Depending on the government or country that's producing, it puts a lot of pressure on the marketplace. If you take, for instance, the U.S. and Brazil, they can shift production significantly to a different manner, and we're competing with that on the world stage, because we want to access those markets like they do. That creates a challenge.

• (1450)

The Chair: Thank you, Mr. Haerle.

Thank you, Mr. Lawrence.

Now we'll go to Mr. Blois for five minutes.

Mr. Kody Blois (Kings—Hants, Lib.): Thank you, Mr. Chair.

I'm going to start my questions with Mr. Haerle.

During your remarks, you mentioned the fact that grain farmers were losing money. Essentially, it was costing more than what they could get in return from the market. Am I to understand right now that farmers, literally, every time they ship product, are losing money, or have they just lost margins on what their prior profit margin had been?

Mr. Markus Haerle: If you take, for instance, the crop that was produced last year, that often enough was pre-sold into forward contracts. It's somewhat not as bad as what they are planting at the moment.

At the moment, what's being put in the ground is the crop that's going to be the big question mark. We have to remember that there have been contracts for shipments going to processors that were delayed, deferred and cancelled. An ethanol industry that is at 50% capacity cannot take 100% of its input—

Mr. Kody Blois: I appreciate that, Mr. Haerle. What I'm hearing is that it's not all farmers who are necessarily losing money, but there's disruption in the market. I take your point on that.

I want to move to some of the commercials I've seen from the Grain Farmers of Ontario. You mentioned that the president can change the world with one tweet. You used that as part of some marketing campaign in terms of the shelves being bare and some of the concerns that you wanted to raise as an industry. We've had other groups that have said there are disruptions but that we probably are not going to expect any bare shelves. Is that still the expectation, that we're going to see bare shelves in stores across Canada?

Mr. Markus Haerle: Well, it depends on where this pandemic is going to lead us. If we have a second wave, that would be a great disaster for the grain and oilseed sector. There is no way this sector can recoup in a short time frame out of the first, initial stage of the pandemic. The shelves are supplied to a certain degree, but all the backlog is downloaded to the farmer. That's where the cash flow issues are created.

Mr. Kody Blois: I appreciate that. That's helpful.

I want to raise a point.... You just talked with Mr. Lawrence about the geopolitical dynamic between Canada and China. I forget your exact quote, but it was something along the lines that the Canadian government intervened.

Actually, the Canadian government didn't intervene. It was upholding the rule of law and staying away from it.

Is it the position of the Grain Farmers of Ontario that the Canadian government should have handled that situation differently?

Mr. Markus Haerle: The stance of the Grain Farmers of Ontario, I have to say, is that we were the ones who got hurt behind the situation. I cannot say that the government should have handled it differently, but we should have been compensated for that loss that we had, because—

Mr. Kody Blois: Right, but you....

Mr. Markus Haerle: —this was a direct impact to us. I am not going to say what it should have done, but there should have been action coming back from government to make sure that no industry had to suffer from a decision that was made at that point.

Mr. Kody Blois: I think it will be interesting to see where the Conservative point comes on, and in relation to their points on 5G and things like that as well, because we kind of see them talking both sides.

I want to go to Mr. Brock. I really enjoyed your comments about the policy. We've heard a lot about the 85% reference margin. I believe it to be important. I know that is something that would help farmers.

Why is it 85%? You talked about protecting profits versus back in 2013, perhaps versus the reference margin growing now. If we move it up to 85%, are we going to be just as susceptible to perhaps moving it back down in two or three years' time if the prices improve?

• (1455)

Mr. Mark Brock: The issue I see right now is that, because of this COVID situation and the lack of certainty.... In farm businesses, we're comfortable with what we know. What we know is 85%. I think that ideally, long-term, there would be a better program. I think that's where some energy should be focused, on trying to find

a program that meets a national food policy, that supports farmers, government and consumers.

Right now, we know that program. We know we can make 85% work on it. I still think there should be some effort put forward to find something that is maybe more in line with a future direction of Canada and agri-food.

Mr. Kody Blois: I probably have just about another minute here, but I want to quickly talk about AgriInsurance. It's been mentioned that it's a program that largely works.

In your mind, is there some argument that we should be putting even more emphasis on those programs and perhaps taking a step away from the broader farm gate revenue and just going more commodity by commodity, AgriInsurance and really focusing on those programs?

Mr. Mark Brock: If that's directed towards me, I'll take a crack at it.

Mr. Kody Blois: Yes, sorry, Mr. Brock.

Mr. Mark Brock: I think we have to be aware that all sectors have different needs and different ways that risk can be managed. Livestock is different from agriculture, which is different from horticulture. I think some of the focus that we need at NPAC, when we're talking about changes to programs or designing new programs, is to make sure there is equality among the programs and that there are tools for all Canadian producers to use within that suite. I think the tool box is a little skinny on tools. It would benefit from having a bit more added to it so there are options for producers to look at ways to manage the risk.

Mr. Kody Blois: Okay. I appreciate that.

Chair, do I have any more time?

The Chair: That's pretty much it. Thank you, Mr. Blois.

Thank you, Mr. Brock and Mr. Haerle, for the interesting conversation and for your input.

That's all the time we have, unfortunately. We will suspend for five minutes.

Thank you very much.

• (1455)

(Pause)

• (1500)

[Translation]

The Chair: Thank you.

[English]

I will reconvene the meeting.

[Translation]

Joining us now is Benoit Legault, chief executive officer of the Producteurs de grains du Québec.

[English]

From the Agricultural Producers Association of Saskatchewan, we have Mr. Todd Lewis, president. Welcome, Mr. Lewis.

Also, as an individual, we have with us Alan Ker, the OAC research chair in agricultural risk and policy; professor at the department of food, agricultural and resource economics; and managing editor of the Canadian Journal of Agricultural Economics.

Welcome, all of you, to our second-hour panel. We will start with Monsieur Legault, with an opening statement for seven minutes.

[*Translation*]

Mr. Legault, the floor is yours.

Mr. Benoit Legault (Chief Executive Officer, Producteurs de grains du Québec): Thank you, Mr. Chair.

The Producteurs de grains du Québec wants to make clear its support for the Canadian agricultural partnership, which seeks to grow domestic and foreign markets, strengthen competitiveness and competitive advantages, anticipate and manage risks more effectively, support resilience and environmental sustainability, foster public trust, and grow the value-added agri-food sector. All those goals are very positive. When they were established, we pointed out that achieving them would hinge on businesses being able to adapt to change, properly innovate and compete. Achieving them today hinges on stability over time, and as such, business risk management programs must be effective and reliable.

It's important to bear in mind that grain production involves numerous risks, including trade disputes, geopolitical conflicts, and the return of protectionism and support policies in the European Union and the U.S. Our competitors receive considerable financial support. To the list of risks, we can add growing market volatility, unpredictable weather, global warming and extreme weather events—involving more than just rising temperatures—and, of course, local societal requirements. In Canada, we face a number of social requirements, which is not necessarily the case for our competitors. On top of those risks, we are now dealing with COVID-19, a crisis we did not see coming. No one could've imagined a public health crisis of this magnitude or its swift impact on agriculture and the food supply chain here and around the world.

We are realizing that the business risk management tools are even more vital today than they were before. We want the government to understand that those tools are also strategic investments in the Canadian economy. Yes, they benefit the agricultural economy, but they also benefit the Canadian economy. As we see it, we hit a wall in 2013, when the government made significant changes to those tools, scaling back support. It was done when prices were way up, so the impact wasn't felt immediately by farmers.

Now, we are seeing that the business risk management programs no longer match the needs and are putting the sector at an international disadvantage. We currently have access to less support than our main competitors do, and we've seen significant reductions in our support. Under AgriStability, the government provides significantly less in benefits, \$4 million less per year, on average, since 2013. In the case of AgriInvest, the figure is \$130 million a year. Meanwhile, in the U.S., the already generous programs provided for under the farm bill received a boost. Recently, our neighbour to the south introduced new programs, the market facilitation program and the coronavirus food assistance program, providing \$16 billion in additional funding.

All of that confirms our fears when it comes to our programs and their ability to meet our needs. Program supports here have declined sharply since 2007. From 2007 to 2019, support for Canadian agriculture fell rather drastically—81%, in fact. In contrast, support for the sector in the U.S. rose by 98% during the same period. The COVID-19 pandemic simply reaffirms what we've observed: we have neither the capacity nor the tools to meet the challenges that the next few years have in store. For that matter, the programs haven't been adequate to meet the challenges of the past two years, which now include the COVID-19 crisis.

We are very worried considering that grain producers were already in a vulnerable position. According to the Centre d'études sur les coûts de production en agriculture, an independent agency in Quebec that studies agricultural costs, 40% of farms specializing in grain production have trouble paying operators because of current prices, which will most likely change in the next few months.

As a spokesperson for grain farmers, I am here today to underscore the need to enhance Canada's programs. Since the government has to start somewhere, the first step should be restoring AgriStability to 2009 levels, in other words, raising reference margin coverage to 85%.

• (1505)

In the mid-2000s, the government took a hard look at what the programs should look like. Together with industry stakeholders and producers, the government correctly identified future risks and designed strong programs such as AgriStability, with a coverage level of 85%, and AgriInvest, with a matching contribution of 1.5% of allowable net sales. The government also made cuts to AgriInvest, scaling back the matching contribution to 1%—a drop of 30%.

Back then, the thinking was that the programs should be proactive, predictable, acceptable and flexible. The key word, though, is stability. In 2009, income stabilization was the underlying principle for the programs. That was lost in 2013. It became clear from the government's statements, discussions and line of thinking that it wanted to move away from income stabilization in favour of disaster protection, which is now the role of those programs. They are meant to help in the event of a disaster. They are no longer adequate to help farmers deal with new risks or current needs.

The Producteurs de grains du Québec wants the government to stop shilly-shallying over the subtleties and technicalities of the current programs and seriously contemplate how to fix them. The first step is to restore AgriStability coverage to 85%.

• (1510)

The Chair: Thank you, Mr. Legault.

[English]

From the Agricultural Producers Association of Saskatchewan, we have Mr. Lewis for up to seven minutes.

Go ahead.

Mr. Todd Lewis (President, Agricultural Producers Association of Saskatchewan): Good afternoon.

I'm Todd Lewis. I operate a family farm at Gray, Saskatchewan, along with my father, brother and nephew. We grow lentils, durum wheat and canola. I'm also president of the Agricultural Producers Association of Saskatchewan. We are Saskatchewan's general farm organization, with over 16,000 members in farming and ranching, as well as 32 associate members in other agricultural organizations.

We are also part of the Canadian Federation of Agriculture, and our comments today reflect a common national view on business risk management.

Our members have been concerned about poor coverage levels in the business risk management programs since changes were implemented in 2013. AgriStability coverage has been a major issue. We are requesting, along with colleagues from across Canada, an increase in coverage levels as well as the elimination of the reference margin limit.

Enrolment in AgriStability by Saskatchewan producers is well under 50%. Producers see little value in the current program. The risk of paying the costs associated with enrolment is not worth the reward of being able to trigger a payment.

Statistics Canada 2018 farm income data released in May 2020 showed that Saskatchewan farm income dropped by 28%. Business risk management support payments dropped by 31%, their lowest level since 2009. A properly designed BRM program should provide a backstop for a revenue drop this large. Payments should have risen to support the revenue shortfall, but that is not what happened in 2018.

Going forward, in 2019 grain and oilseed producers were impacted by commodity price drops caused by trade disputes, drought, transportation delays and a late, wet harvest season.

In 2020, we've seen further disruptions in the supply chain due to COVID-19, which have caused serious revenue problems for livestock producers. This week's estimate shows that cattle producers are losing up to \$452 per head on cows, and hog producers' current prices are well below the cost of production. It is clear that the current AgriStability program will not provide enough coverage in these sectors. Many other sectors of our industry are experiencing problems as well.

Besides the reduced AgriStability coverage level from 85% to 70%, another key problem is the reference margin limitation.

In 2019, APAS was concerned about the impact of trade disruption on canola prices. We did some research on a major reduction in canola pricing and the impact it would have within the AgriStability program. APAS found that even with a 35% drop from a histori-

cal average of \$11 per bushel down to \$7.19 per bushel, AgriStability would not kick in.

In fact, we rechecked our data this week, and it would not kick in until it dropped to \$6.35 a bushel—

• (1515)

The Chair: Mr. Lewis, could I interrupt here?

Mr. Todd Lewis: Yes.

The Chair: Can you bring your microphone a little closer to your mouth?

Mr. Todd Lewis: Yes, sure.

The Chair: Okay. Thank you.

Try it again.

Mr. Todd Lewis: We rechecked our data this week, and it would not kick in until it dropped to \$6.35 and the producer had lost over \$200,000 in revenue. The payment at \$6.35 a bushel would be \$2,800, and the cheque would not arrive until long after the bankruptcy auction.

To put this in context, canola is our major cash crop, and a price drop of that magnitude, 40%, would reduce farm income by over \$2 billion in Saskatchewan alone and would drive many producers into bankruptcy. Thankfully, that calculation only occurred on paper. Canola prices are currently down, but not by 40%.

In spite of the reduced pricing for canola today, producers are not expecting AgriStability payments this year. What we are seeing in 2020 is further serious real income drops and reductions, especially in the livestock sector, without a program to provide adequate coverage. Producers are facing a serious challenge in Saskatchewan and across Canada. I'm concerned about young producers who do not have enough equity built up to carry them through. They will have to exit the industry. Hog and cattle producers do not have adequate programs to mitigate their losses.

The current AgriStability program also penalizes mixed farmers because they are managing risk by diversifying their operations. A well-designed program would not drive producers towards monoculture, i.e., all grain or all livestock. Producers who rely on family labour are also penalized under the current program.

The last time the cattle industry faced a challenge of this size was the BSE crisis. We lost many producers in Saskatchewan then, and cattle production has declined.

Our recommendations to increase the AgriStability coverage levels and the reference margin limit are straightforward and would have a significant effect on producers across the country and go a long way to restoring confidence in the current programming. I would ask this committee to seriously support actions that would help agriculture producers by sharing the financial risks they take every year to produce our food.

I would also remind members that it's not only our livelihood that is at stake, but the livelihood of the one in eight Canadians whose employment depends on agriculture. Agriculture is a major driver in the Canadian economy. The industry is well positioned to be a major contributor to the Canadian economy as it recovers from COVID-19. With proper changes to business risk management programming, more Saskatchewan and Canadian producers will be in business to do what they have always done: supply safe, secure and affordable food, not only to Canadians but to our customers around the world.

Thank you for the opportunity to present to you today. I look forward to your questions.

The Chair: Thank you, Mr. Lewis.

Now we'll go to Mr. Alan Ker for up to seven minutes.

Go ahead, Mr. Ker.

Mr. Alan Ker (Ontario Agricultural College Research Chair in Agricultural Risk and Policy, Professor, Department of Food, Agricultural and Resource Economics and Managing, As an Individual): Hello. I welcome the opportunity to speak to the House of Commons Standing Committee on Agriculture with respect to business risk management programs.

I have a joint Ph.D. in economics and statistics. I've been a professor at the University of Guelph since 2009. Prior to Guelph, I was professor and chair at the University of Arizona from 1996 to 2009 and worked closely with the United States Department of Agriculture's risk management agency on various crop insurance issues.

Today I will highlight some of the points made in my written brief titled "Canadian BRM: A Study in Syntax and Mythical Changes". That brief raised a number of questions in regard to BRM and producer efficiency, overall program funding, program equity, risk smoothing, alternative insurance schemes and actuarial soundness. Additionally, the recommendations from the most recent national BRM expert panel were reviewed. Finally, other areas discussed included cross-compliance, involvement of private insurers, provincial Crown corporations, subsidization and the use of artificial intelligence in BRM.

Very little has structurally changed in Canadian BRM programs over the past three decades. This is not an indictment of the program. A cursory look at agricultural trade numbers suggests that Canadian farmers are competitive internationally in almost all products. In 2017, Canada produced \$110 billion in agriculture and agri-food products and exported \$56 billion. It would be hard to argue that Canadian BRM programs have hindered the competitive position of Canadian farmers. Moreover, it is noteworthy that the average farm household has significantly greater income than the average non-farm household and four times greater assets.

BRM programs consist of AgriInvest, AgriInsurance, AgriStability and AgriRecovery. More recently, there has been a great deal of dissatisfaction with AgriStability as represented by significant declines in participation and also by what the speakers before me just said. This dissatisfaction is, in my opinion, solely because of the pronounced and significant decline in loss coverage since Growing Forward. I want to reiterate that, while the change in AgriStability program parameters from 85% to 70% may seem relatively minor, they are not. Decreasing the level of coverage from 85% to 70% may, in some cases, reduce loss coverage for some farmers upwards of 100%.

• (1520)

The Chair: Mr. Ker, can I just interrupt? Can you bring your mike just a little closer?

Mr. Alan Ker: AgriStability is also relatively complex. Although more simple alternatives exist, unless coverage and therefore budget allocations are increased, I suspect that producer dissatisfaction will remain high. If BRM budgets are fixed, a decrease in coverage or subsidies in AgriInsurance could fund increasing coverage in AgriStability.

There has been some discussion of public or private coverage for shallow losses not covered by current programs. Although AgriInvest is meant to assist farmers with these types of losses, governments could consider offering non-subsidized individual or area-level shallow-loss products but cover program administrative and operating costs. However, I would not expect farmer participation to be high, as many would continue to choose to self-insure against these shallow losses. Farmer demand for private alternatives would be even less, as the coverage would be the same as the public program but at a greater cost to farmers.

Provincial crown corporations deliver most of the BRM programs to producers. However, these entities tend to behave more like a private insurer and less like a public delivery agent. The current AgriInsurance rate-setting methodology is biased in favour of provincial Crown corporations collecting excessive premiums, much like a private insurer. The Crown corporations have \$7.5 billion in reserves. Unless there is a change to the rating methodology, I expect these reserves to grow. This level of reserve could cover the maximum-ever loss multiple times over. Note that \$3 billion of these funds belong to the farmers.

Furthermore, despite these excessive reserves, provincial Crown corporations still purchase private reinsurance. These Crowns represent the only public entities, across all other government agencies in the developed world, that purchase private reinsurance. For example, the Farm Credit Corporation does not purchase private reinsurance. Last year private reinsurance premiums paid by these provincial Crown corporations were in excess of \$100 million, of which 40% was farmer paid and 36% was federally paid. Interestingly, there exists a relatively costless federal reinsurance option available that has been for the most part ignored.

Finally, COVID-19 and the BRM programs deserve discussion. COVID-19 can be considered a black swan event. Governments have the option to deal with these events in real time as they arise. This is almost always more efficient, as black swan events cannot be predicted as to their specific form, their timing or the most appropriate policy response. I would suggest treading carefully in making structural BRM policy changes at this time in response to COVID-19. The last few months have been a strong testament to the resiliency and adaptability of the current Canadian agricultural and food system. Nonetheless, the pandemic has provided an avenue for rent-seeking and alternative-agenda-enhancing efforts. To date I believe the government response has been appropriately measured.

I would like to finish my talk by bringing to your attention a special issue of the Canadian Journal of Agricultural Economics that deals with COVID-19 and the Canadian agricultural and food sectors. While I recognize that an academic journal is not generally suggested reading material for you, this particular issue was written for a popular and not academic audience by 18 of the best experts in their respective areas of research concentration. Moreover, although these articles were written approximately two months ago, they have been adeptly accurate so far. The considered issues include food security, farm labour, trade, the supply chain, BRM, cattle and hog markets, supply management, processors and so on.

Thank you for your time and attention.

• (1525)

The Chair: Thank you, Mr. Ker.

We'll now proceed to our question round.

[*Translation*]

Mr. Lehoux, you have the floor for six minutes.

Mr. Richard Lehoux (Beauce, CPC): Thank you, Mr. Chair.

I'd like to thank the witnesses for joining us this afternoon.

My first question is for Mr. Legault.

Mr. Legault, you said that Canada's support for the agriculture sector had dropped by 81%, in contrast with the situation in the U.S. There, it's the complete opposite.

Do you think Canada's lack of support will have major repercussions on agriculture overall, considering what a vital sector it is?

Mr. Benoit Legault: Yes. The main reason we wanted to share that information was to show which way things are heading. Whether the number is 80% or 90%, up or down, the point was to draw your attention to the structural trend in Canada as compared

with the U.S. Here, the trend is towards diminishing support, while there, support for farmers is rising.

Mr. Richard Lehoux: Thank you, Mr. Legault. That's exactly what I wanted to hear you say.

At the end of the day, the agriculture and agri-food sector receives a lot more support in the U.S. than it does in Canada. We're talking double.

The AgriStability program has been called into question repeatedly. We recommend bringing the coverage level back up to 85% as quickly as possible. I recognize that the government reduced it to 70% at a certain point in time, but that has to be kept in perspective, given what was happening then. The rub is that it's now five, six, seven or eight years later, so the government should realize that the level needs to be restored to 85%, and fast.

Would you say that's correct?

Mr. Benoit Legault: That's correct. Our organization never supported the reduction, strictly speaking. We voiced our opposition to the changes. Fortunately, though, prices were high at the time, so farmers didn't feel the effects of the drop in coverage, as I said earlier. However, as market conditions normalize and with the added pressures of the current situation, it's becoming clear that the programs are inadequate. Unfortunately, the smart thing is to have adequate programs in place before problems arise.

I agree with the previous witness about now not necessarily being the right time to rebuild. Actually, it's not about rebuilding; it's about returning to a better level of coverage—an idea everyone had already agreed upon in 2009.

Mr. Richard Lehoux: Thank you, Mr. Legault.

Mr. Lewis, my next question has to do with the reference margin limit. We do understand—and I would like you to confirm this again—the importance of lowering that reference margin limit. You are even talking about bringing it down to zero.

Did I understand correctly?

[*English*]

Mr. Todd Lewis: Yes. The change to the reference margin limitation really does affect producers' ability to trigger payment. Yes, that's what we're asking for: that the reference margin limitation be changed.

[*Translation*]

Mr. Richard Lehoux: Along the same lines....

[*English*]

Mr. Todd Lewis: I didn't get the translation.

Mr. Richard Lehoux: Is it okay now?

Mr. Todd Lewis: Okay.

Mr. Richard Lehoux: Thank you.

[Translation]

Do you think the pandemic should have been classified as a natural disaster or, at the very least, should a special program have been created to support your sector?

[English]

Mr. Todd Lewis: I think that under the current business risk management programming, if we stuck with that and did the changes that we've asked.... In a province like Saskatchewan, it has a huge impact on provincial revenue when you make changes to the BRM programming. I believe the provinces have put forward a cost-sharing that changes the sixty-forty split to ten-ninety. I think that was one thing that was put forward by the provinces, and it wasn't accepted by the federal government.

In a situation like a pandemic, I think it's worthwhile that the federal government look at putting in more money. They've put 100% of programming towards programs like the CERB, for instance. I think that at this point with the pandemic, the federal government needs to step up and provide more support under our current BRM programs to enhance them and make them more usable for producers.

[Translation]

Mr. Richard Lehoux: Concerning programs available in Canada compared with those in the United States or other countries around the world, I also heard you say that some changes should be made to them for Canada to be able to compete on international markets.

Is that correct?

[English]

Mr. Todd Lewis: I think what we see with the U.S. farm bill is that in western Canada we're on the North American market when it comes to machinery, for instance, and the price of new and used machinery has been artificially supported by the payments that American farmers are getting. They have money in their pockets and they're spending on equipment. We haven't seen a decrease in equipment values. Typically in western Canada when there's a large machinery auction, a lot of that machinery goes to the United States. They have money in their pockets to spend on equipment.

The same can be said for—

• (1530)

The Chair: Thank you, Mr. Lewis.

[Translation]

Mr. Richard Lehoux: Thank you, Mr. Lewis.

The Chair: Thank you, Mr. Lehoux.

[English]

Now we'll go to Mr. Tim Louis for up to six minutes.

Go ahead, Mr. Louis.

Mr. Tim Louis (Kitchener—Conestoga, Lib.): Thank you, Mr. Chair, and thank you to the witnesses for being here. This is quite helpful.

I'm going to address my remarks to Professor Ker. I feel a bit kindred, I have to say. I'm down the road from Guelph, in Kitchen-

er—Conestoga, and my son is a student at the University of Guelph.

Mr. Alan Ker: Oh good. I hope he's enjoying it.

Mr. Tim Louis: Well, he's upstairs taking online courses like so many students, but I've made the trip plenty of times with clean laundry and extra groceries for him, doing my part as a dad.

It sounds like we don't even have enough time to talk about all the things...making the changes that we're talking about with BRM. You said we need to be careful with policy changes. We've heard from many witnesses, including here, about the reference margin limits. Given your experience, can you tell me some other changes we can make that haven't been mentioned, let's say in this last panel, besides the reference margins?

Mr. Alan Ker: Not really. The suite of programs is good. There was a lot of satisfaction, and it worked very well, but the devil is in the details of those parameters, and those changes make the programs work very differently.

The programs themselves, I think, are fine. It's the fine tuning of the programs that makes a world of difference to the farmers up and down, as you're hearing from these gentlemen here, but I don't see any sort of suggestion that we bring it in this brand new program out here, and it's going to satisfy these things. I don't see that magic solution existing at all.

Bringing in private insurers is not a solution. In fact, I think that's been shown to have major issues in the U.S. as well, so I don't see that as a solution.

There is talk of some area programs and things like that, but again, I don't think they're going to satisfy any of the situations we're dealing with here today, or concerns that have been voiced over the last five or eight years with respect to the suite of BRM programs.

Structurally, the program is very good. The details are in the parameters, and those parameters matter greatly to how it serves farmers.

Mr. Tim Louis: I appreciate you saying that. I know some of the challenges also become, as you mentioned, equality among the programs, trying to make sure all the different sectors are represented.

One thing you mentioned in your opening statement, Professor, is something that intrigued me. Being from Kitchener-Conestoga, in the Waterloo region, we have the tech sector and agriculture at the same time. You mentioned artificial intelligence in business risk management. Could you expand on that? That's something I'd like to hear more about.

Mr. Alan Ker: Sure, what I argued in my brief is that this is a bit like precision agriculture from 15 years ago. We heard all about it, but it didn't solve all the world's problems. It's the same with AI. I mentioned that big data, machine learning and AI are going to have trivial impacts on anything to do with BRM programming and won't do anything to help a whole lot with risk management at the farm level. I don't think it will have much of an impact.

Again, they're probably about two to three years ahead of us in the United States. They've moved down that road and have actually backed away from that road in terms of what that could offer them and in terms of better products or better pricing of the products. They've backed away from that, and I point that out in my written brief.

• (1535)

Mr. Tim Louis: Perfect. Thank you. I appreciate that.

We can talk about climate change and how it's going to relate. Mr. Legault mentioned market volatility and how climate change can affect that. Mr. Lewis also mentioned the next generation of farmers. A lot of younger farmers I'm talking to are concerned about climate and how that's going to add to the issues they have as farmers.

Can you tell us about some of the innovative technologies you've been working with in Guelph, what you're hearing, and what we can do to help our producers and our farmers? How can we help mitigate these risks and help with upstream solutions?

Mr. Alan Ker: There's a lot going on at University of Guelph and, in fact, in many places, with seed technology and issues along that line, as well as farm management technology. I came from Arizona, where drip technology got introduced to deal with issues there. There are a lot of other things going on to deal with the effects of climate change.

Right now, in Ontario—I'm not sure if this is true in Saskatchewan—we're becoming a lot more sensitive to drought conditions. We weren't before. The reason is that there are a lot more seeds per acre, and the amount of rainfall isn't changing, so all of a sudden, we're seeing a lot more drop-off in yields with respect to a decrease in precipitation from where we were even 20 years ago. They're trying to deal with that right now.

These are all going to be ongoing challenges, especially with respect to new entrants who have 30 or 40 years ahead of them.

Mr. Tim Louis: That's fantastic.

I see I have 10 seconds left. I would need another two hours of your time, so I will stop there.

I appreciate your time today. Thank you.

The Chair: Thank you.

Now we'll go to Monsieur Perron.

[Translation]

Mr. Perron, go ahead for six minutes.

Mr. Yves Perron: Thank you, Mr. Chair.

I thank the three witnesses for their presentations, which were very clear. Instead of putting questions to them separately, I would ask them to speak up if they disagree with the following statement.

Mr. Legault, Mr. Lewis and Mr. Ker, my understanding is that the income stabilization programs must be completely overhauled, but that the first step would consist in bringing the AgriStability threshold to 85% and removing the reference margin limit. That is an easy thing to do and it is urgent.

Is that correct?

As no one is saying anything, it means that it is. Wonderful!

I would now like to address Mr. Legault.

Mr. Legault, I really liked your summary presentation on the history of programs, where you explained that we went from an income stabilization logic to a disaster protection logic. However, as Mr. Lewis rightly pointed out, when it comes to disaster protection, cheques sometimes arrive after the bankruptcy. I am putting this question to Mr. Legault first. Mr. Lewis could then complete Mr. Legault's answer.

Have you already thought about a support system that would be more upstream and could take inspiration from what is happening in Europe? Have people from your sector talked about this already?

Mr. Benoit Legault: There are two considerations to this: quickness in terms of response and quickness in terms of payments provided to businesses. I have been in the field for a long time, and I have seen that the program-focused thinking has always been difficult in terms of establishing responsiveness when a problem or a loss occurs. That has been the case for the AgriStability program. As you know, the management of the AgriStability program is based on income tax returns that arrive after the payments. In Canada, most organizations that manage programs give themselves tools to allow for advances, but the bulk of the amount often comes after the actual calculation of the losses experienced.

I would still like to say that the 85% threshold was set based on an estimate of losses a modern farm can suffer and on the assessment of all the risks it is exposed to. The factors include succession, which we discussed earlier, debt and producers' ability to survive margin and income losses.

Once again, programs have a short-term focus. They were created to manage a problem arising over the course of a given year. They were not implemented to manage specific situations, such as a string of bad years. A 20% income loss over the course of a year is one thing, but a 20% income loss two, three years in a row, regardless of the reason—be it owing to the market, the weather or any other factor—is another.

• (1540)

Mr. Yves Perron: I understand you.

Ultimately, this year's particular context has made it necessary for the sector to acquire emergency funds or direct assistance, in addition to the funds provided under the programs. That could be additional support and is actually what your organization has called for.

Is that indeed what you are trying to say?

Mr. Benoit Legault: Our organization would never be opposed to that kind of an approach. We are proposing a return to the 85% threshold, as we are familiar with the political context. That is why, at the beginning of my presentation, I was talking about proceeding in stages. We don't believe that the 85% threshold is the ultimate goal. Our organization would not be opposed to a special assistance fund being added.

Mr. Yves Perron: How do you see the future if support continues to drop in Canada compared with the support provided in the United States and taking into account your competitiveness?

Mr. Benoit Legault: That has already been raised. The long-term consequences are always difficult to assess. Will a loss of competitiveness and a slowdown in the adoption of new technologies occur? The key element was raised by Mr. Lewis, and it concerns what will happen with the succession. Successors to current farm owners must be found because the current farms will ultimately not be able to just continue to grow. The country needs a fiscally strong succession without too much debt. It is certain that a country that is giving itself fewer and fewer resources to support its agricultural businesses does not leave a great deal of room for succession.

Mr. Yves Perron: I will continue along the same lines, Mr. Legault. You are talking to me about succession, and I will talk to you about small businesses.

I don't know whether you agree with what Mr. Lewis was saying about current programs practically forcing producers into monoculture, so that business losses would be at a fairly high percentage in order for compensation to kick in.

What changes should be made to the programs to resolve that and to ensure that small businesses have increased access to those programs?

Mr. Benoit Legault: It is certain that small farms are going through particular situations. They are often involved in mixed farming, but the current programs are not very effective for them. So solutions remain to be developed in that respect.

Mr. Yves Perron: Okay.

Mr. Lewis, do you have any potential solutions to suggest?

The Chair: We are listening, Mr. Lewis.

[English]

Mr. Todd Lewis: I think it's a little bit like Mr. Ker said. The programming could be as simple as allowing those farms that do have mixed operations to split their operations, so they can put it under two programs.

The Chair: Thank you, Mr. Lewis. Unfortunately, we have to move to the next questioner.

Go ahead, Mr. MacGregor, for up to six minutes.

Mr. Alistair MacGregor: Thank you very much, Chair, and thank you to our witnesses for contributing to our study on the BRM suite of programs. I sincerely appreciate having your expertise today.

Dr. Ker, I'd like to start with you. In your comments you were mentioning how provincial Crown corporations are largely responsible for the delivery of the programs. You mentioned how they

participate in reinsurance programs, and you had mentioned a federal reinsurance option that wasn't used all that much. Just so our committee has that information and it's on the record, can you maybe go into a bit of detail about that?

• (1545)

Mr. Alan Ker: Yes, sure.

If, in fact, the reserve falls below zero, the federal government does have an avenue—I think it might be even zero interest or whatever—where the provincial Crown corporations can borrow so they no longer go into debt or anything like that. There should be a certain level of reserves, and they need that to run the insurance program, but these reserves could handle 25 years of the worst losses ever all in a row. It's well beyond where they should be, particularly for a public program with a central bank and treasury. You never see this in any other developed country.

Mr. Alistair MacGregor: Okay, thank you for that.

I want to move on. The COVID-19 pandemic has certainly been, as an understatement, quite a shock to the system. I wanted to know your point of view, Dr. Ker. How well do you think our BRM programs have responded during this pandemic? In other words, do you think they are in fact the appropriate vehicle to deliver aid to farmers, given the magnitude of this crisis?

If another pandemic hits us in 20 or 30 years with the same kind of impact, would you suggest that the BRM programs continue to be the appropriate vehicle to deliver aid, or should we be looking at something else entirely?

Mr. Alan Ker: If I would guess now, if we were a year from now and we looked back, I think we might be surprised at how many payments were triggered under AgriStability—I mean the lack thereof. Again, that's because the coverage has dropped quite a bit, down to 70%. I think we're going to be surprised at how we have this pandemic and the lack of triggering AgriStability payments. Whether that should be moved up or not, I suspect this was a government budgetary decision, pegged at where it needed to be for the budgetary outlay. If it were to be raised, then it would require more budget. It's as simple as that.

Mr. Alistair MacGregor: Yes, the AgriRecovery program was infused with \$125 million, specifically for pork and beef, to keep the livestock herds alive because of our loss in processing capacity. I guess because that vehicle exists, and there was a cash infusion, you're saying, really, that this could be sufficient, but the decision on what kind of money is put through it is essentially a budgetary decision.

Mr. Alan Ker: Well, I assume it is. You guys hold the cards.

Mr. Alistair MacGregor: Well, not me, sir, but I'd like to one day, yes. Thank you for that clarification.

Mr. Alan Ker: Yes, I would say the government's response to date has been very appropriate.

Mr. Alistair MacGregor: That's good to know. Our ultimate goal is to make these programs as good as they can be.

Mr. Lewis, maybe I'll turn to you now. We do have the upcoming FPT meeting in October, and from your perspective, from the perspective of farmers in Saskatchewan, how optimistic are you that, when this meeting concludes, we're going to have these fixes in place? A lot of these programs are going to require the federal and provincial governments to come together. There's that agreement formula that's in the CAP. Are you pretty optimistic that we're going to get this accomplished come October?

Mr. Todd Lewis: Well, all we can do is hope. Certainly this process has been ongoing for three or four years. You know, it's very frustrating to farmers that these are programs that were under review. Suddenly now COVID has happened, and we're getting messages from the federal government that these programs should be covering us under this situation. Well, why are they under review if they've been such great programs?

Producers have watched this be really a political football between the provinces and the federal government for a number of years, and we want to see movement on it. We're not optimistic at all even under the current.... On anything that has been tried to make changes under COVID, we've seen no back-and-forth at all or agreement between the provinces and the federal government. Honestly, producers aren't holding out a lot of hope that come October we're going to see major changes, because we certainly haven't up to this time, and we're going into the third and fourth year of this.

• (1550)

Mr. Alistair MacGregor: Monsieur Legault, I'd like to hear quickly from you on the same question. I just have 20 seconds left. Come October, are you optimistic we're going to get these changes done?

[*Translation*]

Mr. Benoit Legault: Since you are putting the question to me, I will tell you that I am an optimistic individual.

We have received mixed signals in terms of the intention to implement that kind of a measure. We are currently hearing statements that the federal government would be ready to implement such a measure, but that it is struggling in terms of funding by the provinces, which may prevent it from moving forward.

Am I optimistic? I am, as the idea seems to have come a long way. If it is true that the problem has reached this stage and that what remains to be done consists in convincing some of the provinces to move forward, then yes, I am optimistic.

The Chair: Thank you, Mr. Legault.

[*English*]

Thank you, Mr. MacGregor.

As we have a little bit of business to take care of, this will be the end of this panel. I really want to thank Monsieur Legault from the Producteurs de grains du Québec, Mr. Todd Lewis from the Agricultural Producers Association of Saskatchewan, and Mr. Alan Ker, as an individual.

Yes, Mr. Blois.

Mr. Kody Blois: Mr. Chair, I just wanted to ask Mr. Ker something. I missed something towards the end of his presentation because it cut out for me. He mentioned some type of publication, and I wonder if he could repeat that. I'd be interested in finding it.

The Chair: Either that or you can forward it to us if you wish.

Mr. Alan Ker: You do have it. I sent two files with my speaking notes.

The Chair: Thank you.

So again, that will put an end to our second panel.

I want to thank all of our witnesses for participating today. We shall excuse you.

Please remain on, members, and we'll just move on into our business.

What we need to do today is approve the subcommittee report that was sent to you earlier today and that briefly summarizes the discussions we had Wednesday evening.

You've all had a chance to look at the report. We just need your blessing on that as the main committee. Are we good with that report from the subcommittee? Does anybody have any issues?

It looks like we're all good on that, and the main focus of the meeting is also to provide direction to the analysts to prepare a draft letter on BRM. We agreed to set aside an hour this coming Wednesday—

[*Translation*]

Mr. Yves Perron: Excuse me, Mr. Chair.

The Chair: We are listening, Mr. Perron.

Mr. Yves Perron: I am sorry. I was looking for my document. When you talk about the subcommittee's report, are you talking about date suggestions?

The Chair: No. A report has been drafted for all the committee members. It contains the subcommittee's recommendations.

Do you have it?

Mr. Yves Perron: I don't think I received it.

Mr. Richard Lehoux: Mr. Chair, unless I'm mistaken, this was a very short report.

Mr. Yves Perron: At what time was it sent, Mr. Chair?

The Chair: It was a report with three recommendations. I have the report in front of me. I will ask the analyst when it was sent. It was accompanied by several documents.

Mr. Yves Perron: Can you read it to me?

The Chair: Okay.

Mr. Yves Perron: I am sorry, I had some unforeseen events before the committee and I am improvising a little bit today.

The Chair: If you like, I can read it quickly.

Mr. Yves Perron: Yes, please.

The Chair: I have the English version.

[English]

It says:

Our subcommittee met on Wednesday, June 10, 2020, to consider the business of the committee and agreed to make the following recommendations:

1. That, in relation to the study of business risk management programs:

a. the Chair propose a summer sitting calendar for July, August and September, for the consideration of the committee at the next regularly scheduled meeting, taking into account that meetings in July will be scheduled after July 3;

b. that the meeting of Wednesday, June 17, 2020, will have one hour of scheduled witness testimony and one hour of committee business for the consideration of the draft letter to the Minister of Agriculture and Agri-Food; and

c. the letter for the Minister of Agriculture and Agri-Food be sent in carbon copy to all provincial ministers of agriculture.

It's very short. That was basically—

• (1555)

[Translation]

Mr. Yves Perron: I have it in front of me now. Thank you, Mr. Chair.

I just want to make sure that we will discuss the schedule.

The Chair: Do you want to discuss the report?

Mr. Yves Perron: No, but when the subcommittee says that we will discuss the schedule at a future regular meeting, that means we will talk about it in July.

Is that right?

The Chair: Yes.

Mr. Yves Perron: At the next meeting in July, we will decide on the summer schedule.

Is that right?

The Chair: I believe that everyone has received the schedule.

Mr. Yves Perron: Yes.

The Chair: First, we will vote to adopt the report. I can come back to the schedule if you like, Mr. Perron.

Mr. Yves Perron: That's good.

The Chair: If there are no further questions, I would like to have everyone's consent or support on the recommendations presented in the subcommittee's report.

Do we all agree on the subcommittee's recommendations?

[English]

I think everybody is good.

(Motion agreed to)

The Chair: For the calendar, we have looked at the different dates. Again, there are a lot more meetings that perhaps might not happen because we have to review a different draft. If it takes us one or two meetings, the last couple of meetings might not need to happen, but we've put enough meetings in there so that we will have a final version of the report ready to table at the opening of Parliament on September 21. Looking at the calendar, that's what we have come up with.

Again, if we can approve it more quickly, it would mean fewer meetings, but that's basically what we have to present to the whips so that they can take care of the logistics.

Mr. MacGregor, you're first. Go ahead.

Mr. Alistair MacGregor: I just see that—

[Translation]

Mr. Yves Perron: Can we discuss the schedule?

The Chair: Mr. Perron, I will give the floor to Mr. MacGregor. I will come back to you afterwards.

Mr. Yves Perron: Okay.

[English]

Mr. Alistair MacGregor: All these dates are either Wednesdays or Fridays, so can I assume that the times we are meeting now on Wednesdays and Fridays will be the same for those dates, at the same time of day?

The Chair: Yes, I would assume so. We don't want to get you up at three in the morning, hopefully. I know it's a bit different across the country.

Do those hours work for you, Mr. MacGregor?

Mr. Alistair MacGregor: Yes, the times we're currently meeting on Wednesdays and Fridays do work. I was just curious, because we may have summer events that we're starting to plug in. Those dates work for me already. It would just be great to get a confirmation on the times of day.

The Chair: Yes. I think that's what we'll strive for. Again, it will depend on the whips and the logistics, but I think that's what we'll strive to do.

Monsieur Perron.

[Translation]

Mr. Yves Perron: First, allow me to present a dissenting opinion, or rather a constructive comment. We sometimes have very full days and I would have liked to get the schedule before today.

Second, I proposed something the other day that did not seem to cause objection. Instead of meeting once every other week—with the previous meeting being held some time ago, we would be less productive—I proposed to resume normal business much earlier. That way, we would be much more productive. Note that what I am proposing is not necessarily to hold fewer meetings. On the contrary, I would propose having more meetings. I would have us resume normal business on September 2 or 9, which would add the dates of September 9, 11, 16, 18, 23 and 25, before we resume normal business. We could remove the meeting in July or the one scheduled for early August.

I would like that option to be taken into consideration.

Thank you.

The Chair: Thank you, Mr. Perron.

The problem is that there is work to be done in between each of the report's versions. For instance, the committee's recommendations must be corrected by the analysts, they must be translated, and so on. So it is difficult to have all those meetings so close together. That is why we spread them out.

• (1600)

Mr. Yves Perron: In that case, is it possible to move one of the meetings, the one on August 5? There are three weeks between July 10 and August 5. We could postpone the August 5 meeting to August 19. Instead of holding meetings on September 2 and September 16, we could hold them regularly, twice a week, starting on September 9. That way, we would be more productive.

If I am the only one with that opinion, I will yield, but it seems to me that it would be more logical.

The Chair: Mr. Perron, I am trying to understand. Do you want us to hold more meetings or do you want to concentrate them earlier?

Mr. Yves Perron: My proposal would be two-fold. I would like to concentrate them, and I would like to resume normal business earlier. That would lead to more rather than fewer meetings.

I feel that we won't be able to be productive by meeting once every two weeks, but I may be wrong.

Mr. Richard Lehoux: Mr. Chair, may I comment?

The Chair: We are listening, Mr. Lehoux.

Mr. Richard Lehoux: I hope we won't need the meetings proposed for September 2 and 16 to finish the committee's final report, which must be tabled before Parliament. So I understand Mr. Perron's concern.

I hope that, at the August 5 and 19 meetings, we will be able to agree on tabling a report. Otherwise, we will have spent more time analyzing the report to be tabled than on the report itself.

The Chair: That's right. It is quite possible that those two meetings won't be necessary.

We have received enough proposals for business risk management programs to give us a good idea of what we want to include in the report.

Mr. Richard Lehoux: Mr. Chair, I would like us to keep the two meetings in September. We could use them for potential work and get started on other issues, as we have presented a number of them.

Mr. Yves Perron: May I speak, Mr. Chair?

The Chair: We are listening, Mr. Perron.

Mr. Yves Perron: I agree with Mr. Lehoux on this. Perhaps I was not clear in my comments. My goal is for us to be productive and to begin working on something else. I hope that we won't need four meetings to prepare the report. We should not set aside more time for preparing the report than for hearing from witnesses.

The somewhat perverse effect I am seeing here—I've said it before and I will say it again—is that I feel that there are few breaks during the summer for support staff, among others. I would like to extend the summer break a bit and increase our productivity afterwards by starting up again on September 9. However, I don't know whether we have to decide on September 9 today.

[English]

The Chair: Did you have something you wanted to say, Mr. Ellis?

Mr. Neil Ellis: I was just going to suggest, since it's around four o'clock now, that this go back to the subcommittee and you guys discuss it, because I think we're going to be closer to 4:30 on this if everybody's not happy with what the subcommittee has come up with. I support the subcommittee and their decision.

The Chair: It's very urgent that we get our spot in the lineup for the summer meetings, and I'd really like to have a decision today whether it's—

Mr. Neil Ellis: Mr. Chair, correct me if I'm wrong, but isn't it part of the subcommittee's job to come up with a consensus and come back to us? I'm just not sure why this meeting is going all over now.

The Chair: Yes, the meeting was approved at the subcommittee, and we just moved that. It's just the details on the calendar.

Mr. Neil Ellis: Do we have all members on the...? What members, all parties...on the subcommittee?

The Chair: The subcommittee is Francis, Mr. Barlow, Monsieur Perron and Monsieur MacGregor. That's the subcommittee we had meeting the other day.

Mr. Neil Ellis: Did the subcommittee vote on this?

The Chair: Well, not specifically the calendar dates. They left it up to me to come up with a schedule. We spoke with the different whips and that's the most accommodating one we could come up with. I'm bringing it up to you now. If the committee is not happy with it or wants to make some changes, we'll open it up, but I'd like to have some calendar to propose for the logistics to happen.

• (1605)

Mr. Neil Ellis: I favour the calendar you made. I'll support that.

The Chair: Are there any other comments?

[Translation]

Mr. Yves Perron: I will try to keep it simple. I propose to remove the August 5 meeting.

[English]

The Chair: August 5, hang on there....

[Translation]

Mr. Yves Perron: As Mr. Lehoux and I said, we won't need four meetings to finish the report. The report must be tabled in September. If we remove the August 5 meeting, that would at least extend the summer break. We will see each other on July 10 and on September 2, and that will surely suffice to resolve this.

The Chair: So the meetings would be postponed by one....

Mr. Yves Perron: We would resume our work on August 19, as proposed.

The Chair: Okay. We would cancel the August 5 meeting and hold one on August 19.

Mr. Yves Perron: We could add a meeting as needed. I think that my proposal can reach consensus.

The Chair: Does everyone agree with cancelling the August 5 meeting?

[*English*]

Does that work?

[*Translation*]

Mr. Lehoux, do you have a comment?

Mr. Richard Lehoux: Mr. Chair, I don't really agree with cancelling meetings. We are already struggling to schedule them. I maintain that we should keep our meetings. I understand Mr. Perron's concerns about all the staff, but the staff seems to agree with those dates. We will be able to find the necessary personnel to support us in our meetings, and I am grateful to them for that. I would, however, like the committee to keep as many meetings as possible, as we have numerous important issues to discuss.

Mr. Yves Perron: I just want to remind Mr. Lehoux that I am proposing to resume normal business in September, before the House resumes sitting. We would meet twice a week. Finally, I propose to add three or four meetings. So I think that we are on the same wavelength concerning the number of meetings.

Mr. Richard Lehoux: If this option works for everyone, I have no issue with it. I just wanted to ensure that no meetings would be cancelled. What I am trying to avoid is us being told in September that we cannot have two meetings per week because of a lack of time.

The Chair: It is certain that cancelling one meeting brings us closer to the end. We have to determine how many meetings will be necessary to adopt the report.

Two options seem to be available: either us keeping the schedule in its current form, or us cancelling the August 5 meeting and postponing meetings until September.

[*English*]

The Chair: Ms. Rood, go ahead.

Ms. Lianne Rood: I'd like to suggest that we continue with the schedule we have. We know we have a few sittings of the House in the summer, and if we can finish this report earlier, I think the departmental officials would probably appreciate having it tabled sooner rather than later. We are completing this study right now so that the minister and officials will have time to review it before their FPT meetings in the fall. I think if we can sit now and as close to the early part of the summer as possible to get this done, if we complete it, we don't have to sit later and we can get this report in. I also understand that there might be an availability to sit potentially in the last week of June. Maybe if we can sit that week, we can get through this report and get it off to the analysts to finish it. I think it would be important to finish this sooner rather than later, and I don't think we should delay any of the sittings.

The Chair: Thank you, Ms. Rood.

Mr. Soroka, I think you have your hand raised.

Mr. Gerald Soroka (Yellowhead, CPC): I guess my side of it is that once we've decided on which days for the meetings we're going to have, it's easier to drop them later than to try to reschedule. On keeping the August 5 one, that's the first time that we'll actually see the completed report, when we can start making decisions on it, so to me that's probably one of the more important dates to keep for future, rather than to drop that one.

The Chair: Thank you, Mr. Soroka.

I don't know if there are any other comments.

Go ahead, Ms. Rood.

Ms. Lianne Rood: Mr. Chair, I'm being told that there's potentially an availability on the 22nd and 23rd to sit, so perhaps we could inquire into that. That might move it up and give the analysts extra time to get this prepared so we can finish this off before July.

• (1610)

The Chair: That's another option that we can put on the floor if you wish. I guess at this stage there are all kinds of ways we can move forward, but we need to have a decision. We've heard different options. I can put three options on the floor.

I guess we'll start with—

[*Translation*]

Mr. Yves Perron: Mr. Chair, may I speak?

The Chair: We are listening, Mr. Perron.

Mr. Yves Perron: Perhaps we could reach consensus on something if we took everyone's proposals into consideration. Maybe we could hold a vote.

Ms. Rood made a very relevant comment on dealing with and finishing the report quickly. I think most of the stakeholder will agree with that. I do not object to us sitting more in June, on the contrary. As I said at the second meeting, the important thing is for us not to sit on June 24.

So the August 5 meeting could be cancelled. There is some confusion about the other meetings. Will those meetings be cancelled if the report is completed?

During the subcommittee's discussions, we talked about wanting to remain available in case of emergencies during the summer. I think it is important to be available should we need to meet. Mr. Lehoux and I mentioned that we would like to hold other meetings. We want to be productive, and we don't want to miss any meetings.

So I would opt for Ms. Rood's solution, as it would enable us to do everything at the same time. We would hold meetings until the end of June and would cancel the August 5 meeting. In September, we could meet twice a week. I think that would satisfy everyone.

The Chair: I am checking the schedule. I will come back with an answer in a few seconds.

[*English*]

That is a possibility if we book those days. We could potentially sit on June 22 and 23. I know that's cutting it close to Saint-Jean-Baptiste Day, but for those days, we could probably book them. Then we could cancel the August 5 meeting, but we would still have to sit for one meeting in July, I think, to complete the six BRM meetings we have in our motion to study BRM...two meetings in July. Do I see a leaning towards maybe getting this done early and taking those two days in June and...?

Mr. Alistair MacGregor: Chair?

The Chair: Yes. Those two days in June, June 22 and 23, one or the other. I guess it's just one or the other, which would cut the August 5 meeting and I guess buy us more time if we need it at the end.

Mr. Alistair MacGregor: Chair, I think that today was our third meeting on the BRM study, meaning that we need to have at least three more. If we get two done next week, that's really only going to leave one more that we have to do during the week of June 22. I think that satisfies the motion for this study.

The Chair: Yes, so that would be one and a half next week, because we do have an hour taken. Yes, you're right. That would meet it.

Are we good to try to get at this as much as we can in June, on June 22 or 23, then add one more in July and then cut August 5? Is that where everybody wants to go? Are there any issues with meeting a bit more heavily towards the end of June, with one more meeting in June, and then cutting the August one? Is that okay? I don't see any opposed, so I think that's what we'll do if—

The Chair: Go ahead, Ms. Rood.

Ms. Lianne Rood: Perhaps if we finish it in July, maybe we only need to have the August 5 meeting so the report is completed and then we wouldn't have to have the 19th. It could be perhaps tabled in August at one of the sittings of the House.

• (1615)

The Chair: The problem is for the analyst to be able to add all of the updates and have the translation and everything done.

Corentin, do you want to chime in on this? Would that work on your end?

[*Translation*]

We are listening, Mr. Bialais.

[*English*]

Mr. Corentin Bialais (Committee Researcher): I'm sorry, I'm a bit lost in the calendar.

The Chair: The last request was to still meet in...Ms. Rood, you said August.

Ms. Lianne Rood: If we add the June 22 or 23 meeting, that would essentially bump up the rest of the schedule so the drafting meeting on July 10 would bump up to the 8th.

We just move it up. The 5th was supposed to be the first BRM report. If we could do it, would it be ready at that point because we're adding that extra meeting? If we can get through that report then perhaps we don't need the August 19 meeting.

The Chair: I've rarely seen it done in just one meeting, but it could happen.

Would that give you enough time, Corentin, to do the draft if that was the case?

Mr. Corentin Bialais: Yes, we will have enough time.

The Chair: That would be good?

Ms. Lianne Rood: I think it would be better to get this report done as soon as possible so it can be tabled as soon as possible instead of leaving time in the middle when we could be finishing it and getting it submitted. Maybe we don't need the September 2 meeting.

The Chair: Okay, I'm drafting a new one.

The new calendar would look like this.

June 23 would be a BRM meeting.

July 8 would be instructions and drafting.

July 10 would be version 1. Would that be too close, Corentin?

Mr. Corentin Bialais: Yes, that's very close. We need more than one week for the translation.

The Chair: Then we'd have to move the July 10 meeting.

[*Translation*]

The Clerk of the Committee (Mr. Marc-Olivier Girard): Excuse me, Mr. Chair.

The Chair: We are listening, Mr. Clerk.

The Clerk: Here is what I got from Ms. Rood's proposal. First, we would add a meeting on June 23. The meeting planned for providing drafting instructions for the report on business risk management programs would be moved to July 8. Then the committee would meet on August 5 to consider the first version of the draft report, and it would be possible to adopt the report on August 19.

Did I understand correctly?

[*English*]

The Chair: Yes, that's essentially what we have, so you're right, one June 23 we have the BRM meeting.

On July 8 we have drafting instructions, and then on August 5, version 1.

On August 19, we have version 2, if needed. Then as needed we would meet, but hopefully we'd be done by then; but if we need to, we could meet back again on September 2 and September 16.

That's essentially how it would work.

Is that good, Ms. Rood?

Ms. Lianne Rood: Yes, then we don't need the July 10 meeting.

[*Translation*]

Mr. Yves Perron: Mr. Chair, may I add something?

The Chair: We are listening, Mr. Perron.

Mr. Yves Perron: That seems very complicated. My objective was for us to produce a report quickly, have a somewhat longer summer break and be very productive in the fall. In the proposal that was just made, I see only one inconvenience—that of holding a meeting on June 23. We may as well keep the schedule that was proposed at the outset, on which everyone seemed to agree.

I am sorry to waste your time, but it seems that we don't want to remove the August 5 meeting. So there is no problem, let's keep the initial schedule and not plan anything for June 23.

I am just trying to find a solution that would satisfy everyone, but that does not seem to be possible.

The Chair: It is indeed very difficult.

[*English*]

How many of you want to go with the last proposal? On June 23 we'll bring the meetings closer together, and at the end of the day we'll finish this earlier, effectively. How many of you are in favour of doing that, as proposed?

• (1620)

[*Translation*]

Mr. Yves Perron: Mr. Chair, if we vote on proposals, we should perhaps do it in the order they were put forward. The proposal to remove August 5 and add June 23 should be voted on first.

[*English*]

The Chair: Let's ask that question, then.

To Mr. Perron's point, who wants to remove the meeting on August 5? How many of you want to remove that meeting and push everything further back? Can I see a show of—

Ms. Lianne Rood: Mr. Chair, can I comment, please?

The Chair: Go ahead, Ms. Rood.

Ms. Lianne Rood: Monsieur Perron, if we move it up, have the June 22 meeting and omit the 10th, we have almost a whole month of break, until August 5, which is enough time for the analysts to do their work. It makes sense to do it this way. It's so we have a more fulsome break to give the analysts the time that they need. Then we can come back to the report.

[*Translation*]

The Chair: Did you hear that, Mr. Perron? Does it change your opinion?

Mr. Yves Perron: Yes, I heard. However, I would like to know what the others think, as I don't want to be seen as a troublemaker.

[*English*]

The Chair: I don't mind hearing everyone. I think we've been around a couple of times, but if anybody else has another suggestion, let's hear it.

[*Translation*]

Mr. Yves Perron: That works for me.

The Chair: Mr. Perron, I did not understand.

Mr. Yves Perron: In the beginning, my idea was to make sure there is a somewhat longer break during the summer. That would have benefited the staff and everyone.

Is my proposal to begin work earlier in the fall being considered or not? No one has followed up on it.

The Chair: Mr. Perron, I have heard no comments on this, aside from yours. That leaves the door wide open.

Mr. Yves Perron: I understand that my colleagues absolutely want us to meet every other week throughout the summer and that they don't want to resume business earlier in August or in early September, which would have enabled us to be productive.

Did I understand correctly? If I am the only one to propose it, I am okay with that.

The Chair: I think the fact of that we are meeting in June gives us....

[*English*]

The Chair: Go ahead, Mr. Blois.

Mr. Kody Blois: Again, I'm not really partial one way or the other, but if we're adding a meeting on June 23, could we perhaps just move the meeting on August 5? That would be the trade-off. We can add June 23. That way we're still able to do our work while allowing Mr. Perron's suggestion about trying to support the staff to ensure that they have the time to do their work. Is that possible?

The Chair: Yes, that is possible.

[*Translation*]

Mr. Perron, are you satisfied with this?

[*English*]

It's certainly a possibility to remove August 5. Having a meeting on June 23 would be the only change.

[*Translation*]

That would in part address your concerns, Mr. Perron.

Mr. Richard Lehoux: Mr. Chair....

[*English*]

Ms. Lianne Rood: Mr. Chair.

The Chair: I'll go with Mr. Lehoux and then with Ms. Rood.

[*Translation*]

Mr. Richard Lehoux: Mr. Chair, I would like to clarify something. Ms. Rood's proposal is simple: to enable the report to be adopted as quickly as possible in the House. I think that would be important for all the committee members and it would be relevant to do so.

The meeting was postponed to a later date by the minister and her colleagues. We want to submit a report, so that the minister can read it and propose worthwhile ideas at the October meeting with her colleagues, the provincial ministers. It may be relevant for us to submit the report as quickly as possible. I think that we all agree with Ms. Rood's proposal.

The Clerk: Mr. Chair, may I say something?

The Chair: We are listening, Mr. Clerk.

The Clerk: I just want to remind the committee members that they can adopt a committee report, but that they have to remember the discussion we had a few days ago. Unfortunately, at this stage, the committee cannot table any reports in the House. If the committee were to adopt the report on August 19, it would have the satisfaction of having adopted it, but the report would not be made public before it had been tabled in the House.

For the time being, the first report could only be tabled on September 21, unless the situation changes during the summer and the whips negotiate a new agreement that would lead to your committee being able to submit a report electronically to the Clerk of the House during the summer.

I just wanted to mention this, so that we can avoid any potential confusion among committee members. Even if you adopt the report during the summer, you will not be able to table it, unless otherwise specified.

• (1625)

[*English*]

The Chair: Thank you. That's certainly a valid point. The earliest we can table the report in the House is September 21.

We've added some flexibility. We've put an extra meeting in June and removed the one in August that Mr. Perron was a bit concerned about. I know it's not 100% exactly what you want.

Ms. Rood.

Ms. Lianne Rood: If we add the meeting in June, the meeting on July 10 is not necessary, because we're moving up those meetings. The only necessary meeting is July 8, according to the schedule, to give drafting instructions. If we remove the 10th, there's no reason we shouldn't have the August 5 meeting. If we remove the August 5, we're removing two meetings according to the schedule.

The Chair: We need that meeting to fulfill the six BRM meetings that we must hold to fulfill our motion on the BRM when it was first brought up.

Effectively, it would remove the August 5 meeting and then just push everything back. We'd be at an even stage, because we've replaced the August 5 meeting with June 23 from the original calendar.

Are we okay with that, with June 23 and we remove the August 5 meeting? That gives us a bit of a stretch there. We can't please everyone, but is that acceptable to all?

[*Translation*]

Mr. Richard Lehoux: Mr. Chair, since we have dithered a lot on the topic of the schedule, could you go over the dates you want us to vote on, please?

The Chair: Mr. Lehoux, we will draft the schedule properly, and I will get back to you on that within a minute, as a number of changes have been made. I will then read it, so that everyone can understand our schedule for the summer.

Mr. Richard Lehoux: Thank you, Mr. Chair.

[*English*]

The Chair: This is what it should look like: June 23, BRM; July 8, BRM and drafting, so half is BRM; and August. That would make up our six meetings at that stage. August 19 would be the next meeting, when we would have version one; September 2, version two; and hopefully we don't need it, but September 16, version three.

That's how it looks now, from what I was able to gather, to make sure we have the six BRM meetings that we have in our motion.

Ms. Lianne Rood: Then, Mr. Chair, are we missing July 10 and August 5?

The Chair: That's right. We have July 8 and no July 10, right? Just hang on. Let me double-check that.

Ms. Rood, the reason we skipped July 10 is that it wouldn't give the analyst enough time to come up with the first version.

Does everybody have this? I'll forward it to you in a clean draft. I think that would work, and it will accommodate some of the concerns of different members.

Can we live with that?

I see no one raising their hand, so this is what we're going to go with. Again, if we have to, we'll change it. At least it secures our place with the whips to make sure we have logistics there so we can get those meetings on.

That is all I have. I don't know if there's anything else you want to talk about, but it's Friday evening, and we can call it a day.

I want to thank every one of you. We'll see you next week. Thanks.

The meeting is adjourned.

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